

The Nashville Subregion

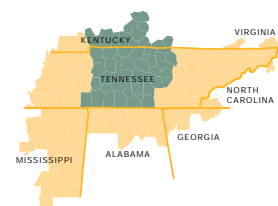
The Nashville subregion, including south central Kentucky, is the Valley's largest in employment, income, and population and has seen the most rapid growth in those areas during the 1990s. In 1998 it will continue to be the fastest-growing of the subregions but, like the rest of the Valley, should expand at a considerably more moderate pace than in the early '90s.

Although Nashville's economy is well diversified, much of the subregional growth is the result of rapid expansion in the area's motor-vehicles and parts-manufacturing industry. All three of the Valley's automobile assembly plants (Nissan, Saturn, and Corvette) are here. The subregion's prime location also supports a vehicle-parts-and-accessories industry that serves manufacturers both in and outside the Valley and that

duce any further marked expansion (*see regional forecast, page 52*). Growth in the auto-parts industry, however, should match the healthy regional performance in 1998, buoyed by improved sales of automobiles and the subregion's favorable location. As with the auto-related industry, slightly faster-than-regional job growth in overall durables manufacturing is expected for the subregion next year. Losses in apparel, on the other hand, will lead to moderately slower-than-regional growth in total manufacturing.

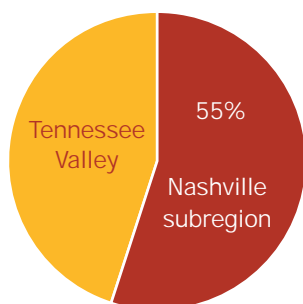
Strong economic expansion has produced strong population growth. The subregion is expected to remain substantially above average in this respect, although, again, the influx will be less rapid than in the early '90s. The vigorous population growth will support construction. As in the rest of the region, though, the construction industry, which expanded swiftly in spite of the 1995-96 slowdown, has now decelerated because of built-up inventories. It should continue to expand at this slower pace in 1998.

Nashville's service sector has also grown rapidly; medical, financial, and consumer services have added jobs faster in the subregion than in the Valley. The consumer-services sector in particular has benefited from high population growth and expansion in tourism and entertainment. Although the current legal problems of Columbia/HCA (the largest Edge 100 company) will slow the rate of growth in Nashville's health industry, the sector is not reliant on this one firm. It also includes Quorum Health Group, Phy-Cor, Coventry, and other large and small health-care companies based in the subregion. Overall, services are expected to continue growing strongly next year, although more slowly than in the early 1990s.



Nashville's music industry includes many spinoff-product manufacturers like Better Quality Cassettes. When that company decided to double its cassette production and add CD manufacturing-capability last year, it got help from TVA and the Nashville Electric Service in the form of a \$700,000 loan. The \$9 million expansion will create about 400 new jobs.

MOTOR-VEHICLES EMPLOYMENT



Nashville dominates the auto-related industry.

employs more people than all of the better-publicized assembly facilities combined. As shown in the chart above, the Nashville motor-vehicle and parts industry makes up over half of this industry in the Valley.

Although the assembly plants contributed greatly to the subregion's economic growth through 1994, they are not expected to pro-